

SENATE BILL 2732

By Rochelle

AN ACT to amend Tennessee Code Annotated, Section 8-36-124,
relative to improving the retirement benefits of certain
Tennessee public employees.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 8-36-124, is amended by
adding the following new subsection at the end thereof:

(c) If the board of trustees determines, after reviewing the actuarial valuation as of July 1, 1999, that the recommended employer contribution rate for state employees and teachers is less than the rate in effect on June 30, 1999, any excess appropriation contained in the general appropriations act resulting from the reduction in annual contribution requirements for the fiscal year ending June 30, 2000 shall be utilized by the board of trustees to increase the amount of any base benefit improvement adopted pursuant to subdivision (a)(3)(A) of this section to ten percent (10%), subject to the following terms and conditions:

(1) If the board of trustees determines that the excess appropriations, if any, are insufficient to fund at least one-fifth (1/5) of the liability for providing

the increase in subdivision (1) above, then no increase shall be granted under this subsection. If the excess appropriations are sufficient to fund at least one-fifth ($1/5$) of such liability but are insufficient to fund one hundred percent (100%) of the additional liability, then the increase provided for in this subsection (c) shall be reduced proportionately to the nearest one-half percent ($1/2\%$) so that no increase shall be given beyond the excess appropriations available.

(2) Any such increase shall be effective July 1, 2000, and shall apply to both active and retired members in the groups and systems referenced in subdivision (a)(3) above, except as otherwise provided in subdivision (c)(3) below.

(3) This subsection shall not apply to employees of employers participating in the retirement system pursuant to chapter 35, part 2 of this title, unless the governing body of any such employer, after receipt of the liability information from the retirement system, passes a resolution authorizing the increase and accepting the liability thereof. The percentage increase in retirement allowances resulting from the passage of such a resolution shall be the same as that established by the board of trustees for state employees and teachers pursuant to subdivision (c)(1) of this section.

SECTION 2. The provisions of this act shall be subject to the funding being provided in the general appropriations act.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.